

# The MORTGAGE BANKER

VOL. 5—No. 23



AUGUST, 1945

## That Refinancing Certificate

*But this time it's a suggestion for  
603 loans similar to that for 203's*

THE same set of circumstances which made necessary the refinancing certificate for Section 203 loans is now exerting the same sort of influence on Section 603 loans and a number of MBA members have expressed the view that, unless conditions change, holders of 603 loans will want some sort of protection similar to that afforded holders of 203 loans.

FHA requires a refinancing certificate in connection with all applications under Section 203 which involve the refinancing in whole or in part of an existing mortgage, where the proposed mortgage loan is to be made by a mortgagee other than the holder of the existing mortgage.

The provision was incorporated in Title II of the National Housing Act by an amendment to Section 203 by the 76th Congress. The amendment is designated (f) under Section 203:

"No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Administrator that prior to the making of the application the mortgagor applied to the holder of such existing mortgage for such refinancing and that, after reasonable opportunity such holder failed or refused to make a loan of a like amount and on as favorable terms as those of the loan secured by the mortgage offered for insurance after taking into account amortization provisions, com-

mission, interest rate, mortgage insurance premium, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges."

This requirement affords holders of mortgage loans insured under Section 203 considerable protection against portfolio raiding and refinancing of a sort stimulated by unethical mortgage brokers or persons who hope to gain a commission or premium in connection with the new mortgage irrespective of whether or not the mortgagor obtains any real benefit from the transaction.

As for loans insured under Section 603, Title VI of the Act, a similar certificate is not required under the same circumstances. As a result many of the same objectionable practices are beginning to develop in these loans as brought about the requirement for a refinancing certificate on 203 loans.

Many believe that holders of loans insured under 603 are entitled to the same protection as those insured under 203. One member expressed the view

that MBA would not only endorse the proposition, but would cooperate to bring about the accomplishment of this objective. He recalled Earl Draper's announcement of February 9th to all field officers, which said in part: "It has been determined that we are not warranted in bearing the expense of processing applications where the sole purpose is to collect a premium."

"I think FHA is to be commended for the issuance of the revision on February 1, 1945 of FHA Form 2391, whereby individuals are required to pay the 1 per cent penalty for prepayment unless it can be shown that there is no refinancing involved," he said.

Recently a Pacific Coast member suggested that legislation be enacted whereby in addition to the 1 per cent prepayment penalty, now applicable as to FHA insured mortgages, a 2 per cent premium be paid the present mortgagee in the event of refinancing.

And while we're on the subject of the refinancing certificate, we're wondering how many other members have encountered the same difficulty which B. G. Harrison, vice president and treasurer of The Franklin Life Insurance Company, Springfield, Ill., writes us about. Let Mr. Harrison tell it:

"We have had a few recent cases of refinancing FHA mortgages which show an unusual procedure. They represent cases, in our judgment, where the applicant mis-states the facts when executing his application for a new FHA mortgage. They represent instances in which one of our FHA mortgagors is re-

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# Meet Mr. Foley

*FHA has a new commissioner whose appointment has met with general approval; here are some notes about him and his past business career*

**A**LTHOUGH President Truman's honeymoon in the White House isn't over yet, he has already established a remarkable record as far as his appointments are concerned. Almost without exception each one has met with widespread approval; and the quick action of the various congressional committees in clearing them has been a new experience for even the most veteran Washington observers.

The appointment of Raymond M. Foley as FHA Commissioner, while a surprise to some, brought forth general approval from all quarters. Long recognized as one of FHA's ablest state directors, no one doubted that he was fully capable of stepping into the larger Washington position.

Announcement of the Foley appointment sent many mortgage men scurrying to their files to see what information they had on the new commissioner. It was only natural that they would want to know his background, past experience and history. Foley's career is a rather interesting one with a number of surprises—such as his many years on newspapers—and well worth setting down in detail here.

He is a native of Michigan, born 55 years ago in Wayne County. He is a descendant of early French pioneers of the Detroit area and on his father's side from Irish immigrants. He was educated in Detroit and Mount Clemens public schools and entered newspaper work after high school graduation with the Detroit newspapers, subsequently becoming city and managing editor of the Pontiac, Michigan, *Daily Press*, positions he held for about thirteen years.

Later he was in the publishing business and in 1932 was drafted into the state government of Michigan to establish a public relations division for various departments. After a little more

than a year, he was appointed state FHA director in October, 1934. He has held that position since that time. Under his direction the staff serving the Michigan jurisdiction was built up and more than 110,000 home mortgages were insured, which together with some 150 millions of dollars of property improvement loans insured, brought the total of FHA insuring in the state to approximately two-thirds of a billion dollars. This record made it one of the leading states in volume in the country. The soundness of the operation in Michigan is demonstrated by the fact that the loss ratio there has been one of the lowest in the country.

Foley established a reputation as an organizer in connection with this work when he built up a volunteer organization promoting employment recovery through the building business, which at one time had nearly 10,000 workers in 503 communities of Michigan. He was widely known in the state through his



RAYMOND M. FOLEY

previous newspaper and governmental work and through serving as chairman of the Employment Recovery Commission in the depression days and as a member of the Tourist and Resort Commission.

Several years ago when the National Housing Act of Canada became effective, at the request of representatives of the Construction League of that country, Foley was loaned for a number of lectures on housing in various Canadian cities and assisted in establishing the educational program used in furthering the housing improvement there.

During the war period he has had charge of housing priorities in the state and has been largely responsible for the program of approximately 40,000 defense and war housing units, privately built, in thirty critical war housing areas of Michigan. During this time also he served as housing chairman of the Office of Civilian Defense for Michigan under two governors, and on various regional planning and housing committees.

He is married and has three children—Paul, presently serving with the OWI in Turkey; Mrs. James Brophy, whose husband is in the Civil Affairs Division of the Army in Germany; and Robert, serving with the Eighth Air Force in England.

Detroit members of MBA give Foley the highest recommendation and are a unit in saying that he will make an excellent commissioner and a worthy successor to Abner Ferguson and Stewart McDonald. He is held in high regard by Detroit mortgage men who have long praised his able administration of that State's FHA office. He is the fourth man to head FHA since it was established.

MBA members heard Foley at the Detroit convention in 1939 where he spoke on "Opportunities for Lenders in the FHA Program". Recalling a few of his observations at that time may be helpful in appreciating his philosophy on the insured mortgage lending system.

"Today when we analyze the oppor-

tunity that exists for lenders in the FHA program, it seems to me that we must recognize the scope of the housing need. We must recognize that there is an opportunity beyond the actual individual return on a loan. Indeed, if the benefit resulting from a lending transaction is limited to a desirable return of interest, it is probably a transaction of doubtful value to the lending institution. Further, we must recognize that the success of a lending institution cannot exceed the general success of the community in which it operates."

Foley appears to be a conservative in the sense that those in the mortgage business use the term. In his convention address he declared that "the lender faces a popular challenge—in common with the builder, realtor, supplier and architect. The challenge is, in effect, this: 'You have set up a credit system for all business. That entire system is based upon the credit of John Doe, the average citizen. I am he. I have needs in housing that have not been met. I have provided the base for all business and I have provided myself with another instrumentality—government. I have set up an agency to make possible cooperation—not between private business and government—but among private business, government and myself. Now I'd like to see it work.' That's the challenge—not from government to the lender—but from John Doe to the lender as part of private business."

Again he declared:

"The trend in the Title II insured mortgage activity has been steadily to lower levels of house cost. An amazing lot has been accomplished by the industry in producing better and better small houses. In that development lies a great and growing chance for lenders. With the care used by the lender, and by the FHA risk-rating system, we have already a portfolio in which the paying experience is amazing good." He concluded:

"But the whole is summed up in the one paragraph—unless home-ownership is established on a safe basis through cooperation of all concerned, no type of mortgage investment portfolio can have maximum security or continued good yield. So that, even if there were no National Housing Act, lenders must

## Personnel

"MBA members are invited to use this classified advertising column in locating needed personnel or in seeking a new connection. There is no charge. The advertisements below indicate the type and length of copy desired as well as the confidential nature of this "clearinghouse" service. Replies will be forwarded unopened.

### MORTGAGE MAN WANTED

A middle western insurance company has an opening in its City Loan Department for a man experienced in negotiating loans and appraising property. Expanding operations should provide an excellent opportunity for future advancement and salary commensurate with ability. Replies should state age, education, experience in detail, present salary, and salary expected. All replies will be held confidential. Our own staff has been advised of this advertisement. Address Box 106, Mortgage Bankers Association of America, 111 West Washington Street, Chicago 2, Illinois.

### MORTGAGE MAN WANTED

Wanted by eastern life insurance company a man experienced in all phases of city mortgage loan procedure. Position requires residence in the city where company is located and provides excellent opportunity for man of character and ability. Write giving full personal and business qualifications. Address Box 107, Mortgage Bankers Association of America, 111 West Washington Street, Chicago 2, Illinois.

### SEEKS LOAN CONNECTION

Loan officer for established real estate and lending company; 40 years old, married, two dependents, university education, 20 years' continuous mortgage loan experience in appraising properties, property management, sales, acquisition and processing of mortgage loans, chattels, dispersal of funds and business schedules. Prior to present association, operated own mortgage company. Former loan correspondent. Substantial references furnished. Address Box 108, Mortgage Bankers Association of America, 111 West Washington Street, Chicago 2, Illinois.

perforce try to further the objectives it sets forth. With it, the task is easier, the opportunity greater."

## Letter to Mr. Foley

*"The Mortgage Bankers Association of America for the past several years has worked very closely with officials of FHA in an earnest attempt to exchange ideas and keep the mortgage business throughout the country on a sound basis. We were very pleased to learn of your appointment and I want to congratulate you, and also the Administration in securing the services of one so well qualified and familiar with mortgage problems. I wish you every success and assure you of our cooperation."*

— PRESIDENT L. E. MAHAN

## REFINANCING CERTIFICATE

(Continued from page 1)

financing and obtaining a new FHA mortgage with another lender. In making his application, he signs the refinancing certificate stating that he has offered the new loan to the holder of the existing lien. This refinancing certificate, as you know, is a part of the application. These cases represent a misrepresentation and a new application has been processed in these instances without our knowledge.

"When we have been given notice that our loan is to be paid-off, we demand that the applicant execute a prepayment certificate (Form No. 59760). We have received the signed prepayment certificate to which the mortgagor appends the typewritten sentence: 'Except by new FHA loan No. ....' In cases which have come to our attention this statement has been typewritten as part of the certificate, which gives evidence that the broker processing the loan has suggested such a procedure to the mortgagor.

"This represents a definite plan instigated by the broker to evade the principles and intent of the FHA application. We have had cases in several different areas, indicating different brokers have handled them, which leaves me with the impression that perhaps the plan or procedure is the result of premeditated thought by a certain group of mortgage brokers. The local FHA office advises me they cannot accept the responsibility of acting as 'policeman' inasmuch as they must accept the statement of the applicant, and do not attempt to determine whether or not the statement is true or false.

"The only recourse we can think of is to refuse to release the existing lien which we hold in instances where we know the applicant has, in presenting the application to FHA, misrepresented the facts, and advise the mortgagor the circumstances which we feel justify in taking this position. A good many mortgagors do not understand what they are doing; and no doubt the fault lies with the broker who suggests this unethical procedure in order to obtain the mortgage for his own account."



## ASSOCIATION ACTIVITIES

### International Trust Co., Denver, MBA 1000th Member; Total Membership at New High

**M**BA has passed the one thousandth mark in membership for the first time in its history extending over three decades. The application of the International Trust Company of Denver, organized in 1891 and the first banking trust company in the Rocky Mountain region, was No. 1,000 received at the national office. By a coincidence, a number of the largest and strongest banks in the country joined MBA at about the same time so if the International Trust had not been the one thousandth member, some other bank would have been.

International Trust is one of Denver's leading financial institutions with resources of nearly \$40,000,000 and capital and surplus of \$1,500,000. John R. McPhee, vice president, will be the MBA contact man at the institution.

MBA's membership chairman for Colorado is W. Braxton Ross who has been ably assisted in his work this year by Aksel Nielsen, vice president of The Title Guaranty Company and a member of the MBA board. Colorado has produced three new members this year out of its quota of five.

Since this month closes the present Association year, it is an appropriate

time to review the membership work since last October. The principal fact to note is that this year has shown the largest increase in members, as compared with a similar period, of any previous year. By the end of the Association year, it is confidently expected that new members admitted will exceed those of any previous year. Much of the credit for this accomplishment goes to the able direction of the chairman of the membership committee, John C. Thompson of Newark, who started early with an aggressive campaign and carried it through. Assisting him has been one of the most active groups ever to present the merits and advantages of MBA membership.

The Eastern states are out in front so far in new members secured with a total of 49. In some respects this was partly anticipated since the area of our greatest potential expansion has admittedly been in the East. But that should in no way detract from the excellent performance of our Eastern members, especially since a large number of these new members are among the largest and strongest financial institutions in the nation. The Northwest Central region and South Central regions are neck and neck for second

place, each with 22 new members. The Southeast region is next with 18, followed by the Northeast Central region with 16. The Pacific Coast and Rocky Mountain regions have produced nine each.

Our space is much too limited to give the proper credit to every member who performed admirably in the membership campaign this year but a few special mentions must of necessity be noted.

The largest number of members admitted in any one city has been in New York where sixteen new members have been secured. Charles H. Hayes, recently nominated for regional vice president in the East, has headed the drive in the Eastern region and has conducted a most able and effective campaign. Mr. Thompson and Milton T. MacDonald have assisted him in his campaign.

The New Jersey campaign under the direction of Frank A. Weber with the assistance of Mr. Thompson and members of the very active New Jersey MBA, has been equally effective. Fourteen new members have been admitted from that state.

MBA has also had an excellent year in the State of Maryland where seven new members have been admitted. Frederick X. Wilson is the membership chairman and established an excellent record.



Supplementing our report in the last *Local Chapter News* of the Purdue Mortgage Bankers Farm Seminar, here are two camera shots from the meeting. Left to right, Dr. E. L. Butz of Purdue, Director and Organizer of the Seminar; E. D. Schumacher, Memphis, Liaison Officer of MBA's Educational

Committee; L. E. Mahan, St. Louis, MBA President who addressed the Seminar; Dr. F. F. Hill of Cornell and formerly FCA Governor; Dr. E. C. Young, Dean of Purdue's Graduate School; Dr. P. L. Gaddis of the Equitable Life in New York and Professor T. M. Bushnell of Purdue.

Turning to the South, we have four new members in Southern Florida where R. C. Houser of Miami is membership chairman and four in Tennessee where Jas. E. McGehee of Memphis is chairman. Mr. McGehee was ably assisted by Stanley H. Trezevant in securing all the eligible mortgage men in Memphis as MBA members.

C. P. Kennedy Cincinnati, headed the drive in Ohio this year and we have six new members from a state where the Association has been especially strong for a number of years. Last year we experienced a very rapid growth in Indiana under the stimulus of the drive initiated by E. H. Hackman. This year R. W. Stockwell has carried on in the same manner and we have four additional members.

Illinois follows New York and New Jersey in the greatest number of new members secured. Our drive in that state has been under the direction of Ward J. Gauntlett and 13 new members is the result. Mr. Gauntlett has had some excellent assistance from the new MBA nominee for president, Byron V. Kanaley. The result has been unusually effective and through Mr. Kanaley's efforts three of the largest financial institutions in the country have joined the organization. They are the Continental Illinois National Bank and Trust Company, The Northern Trust Company and the City National Bank and Trust Company, all of Chicago. Mr. Kanaley also assisted in securing other members in this area and Canada.

Missouri follows Illinois this year in number of new members admitted. Ten new Association members have been secured in that state where Charles H. Christel is membership chairman, assisted by President Mahan and members of the St. Louis chapter.

On the Pacific Coast, Washington has been the leader, reporting five new members. Harry G. Baldwin is membership chairman there and Roy F. Taylor has assisted him in the drive.

In the Rocky Mountain region, Nebraska has been outstanding with five new members out of a quota of eight. There George F. Rambour, Jr. has been membership chairman, assisted by C. W. Mead, recently nominated for regional vice president from that area. Mr. Thompson, at the last board meet-



The faculty and students of MBA's first Mortgage Bankers Farm Seminar at Purdue. All identifications read left to right: First row: Jack J. Rosebrough, Darnell D. Mahorney, Robert B. Howe, Lester B. Foreman, J. W. Brother, unidentified, Milo J. Ball, Clayton B. Briggs. Second row: E. L. Butz, E. C. Young, F. F. Hill, T. M. Bushnell, E. D. Schumacher, P. L. Gaddis, George H. Patterson, Karl Brandt, L. J. Norton, J. C. Bottum. Third row: R. H. Bauman, H. E. Gabrielson, Karl M. Blanchard, George D. Goodnight, Lawrence G. Pfeifferkorn, L. H. Dunbar, A. E. Streitmatter, Warren Garst, unidentified, Henry Nystrom. Fourth row: John McClean, J. F. Hull, Claude M. Job, unidentified, I. R. Hazard, unidentified, Lester Miner, Charles Miner, David L. Grimes. Fifth row: Lawrence E. DeVore, A. B. Kurrus, unidentified, Kenneth King, Howard Sexauer, D. C. Drake, George H. Judah, R. R. Rankin. Sixth row: Hugh H. Cotner, Mrs. Hugh H. Cotner, Mrs. R. R. Rankin, Mrs. E. R. Cook, Mrs. W. F. Evans, W. F. Evans, E. R. Cook, Robert S. McQuarrie, unidentified, M. S. Parr, Frank B. Charlton, B. G. DeWeese, S. C. Lattimore, Frank R. Hodgson.

ing, paid tribute to Mr. Mead's efforts in building up the Association in his section of the country.

MBA now has a total of 1,020 members, 148 of which have been secured this year. Three of these 148 are Canadian members — the first ever admitted into MBA.

The success of the drive this year has been particularly gratifying, according to both President Mahan and Chairman Thompson, in view of the fact that, due to war conditions, we have

not been able to hold meetings of any kind except our two educational courses which of necessity had to be strictly limited in attendance. It has always been recognized that one of the principal factors in the organization's growth has been the success of its meetings but this stimulus was lacking during all of 1945. In the opinion of MBA officials, the steady growth of the organization, and particularly among the large institutions, is evidence that the influence and value of MBA is becoming more and more appreciated.

This continued growth places a heavier responsibility upon the organization because with each passing month we find MBA representing a greater and greater portion of the mortgage business, mortgage personnel and experience, and of the total of mortgage investments in this country and Canada.

Here are the MBA members officially admitted since our last list:

Great Northern Life Insurance Company, Chicago; Imperial Life Insurance Company, Asheville, N. C.; W. Lyman Case & Co., Columbus, Ohio; The First National Bank of Belleville, N. J.; and The Paul Revere Life Insurance Company, Worcester, Mass.

Bank of America, National Trust & Savings Association, Los Angeles; First National Bank of St. Paul; Paul A. Wilde & Company, Chicago; Heitman Trust Company, Chicago; Arizona Title Guaranty & Trust Co., Phoenix, Arizona.



JOHN C. THOMPSON

Gary National Bank, Gary, Ind.; Jefferson Standard Life Insurance Company, Greensboro, N. C.; Palisades Trust and Guaranty Co., Englewood, N. J.; Citizens First National Bank and Trust Company of Ridgewood, N. J.; Rochelle Park Bank of Rochelle Park, N. J.

West Baltimore Building Association, Baltimore; The Port Lawrence Title & Trust Company, Toledo; Ann Arbor Trust Company, Ann Arbor, Mich.; Citizens Bank of Riverdale, Riverdale, Md.; Liberty National Bank, Washington, D. C.

The Columbus Mutual Life Insurance Company, Columbus, Ohio; Central Securities, Inc., Newton, Kansas; Home Title Guaranty Company, Brooklyn; Hooker & Randell, Chicago; Davis & Cooper, Tampa, Fla.

James R. Johnson & Co., Detroit; Merchants Mortgage Company, Baltimore; Sherwood & Roberts, Walla Walla, Washington; County Trust Company of Maryland, Upper Marlboro; West Hudson National Bank of Harrison, Harrison, N. J.

Frank C. Brosius, Wichita, Kansas; The Northern Trust Company, Chicago; Sun Life Insurance Company of America, Baltimore; John G. Smith & Company, Birmingham; Montclair Trust Company, Montclair, N. J.

Puget Sound National Bank, Tacoma, Wash.; C. A. Larson Investment Co., Beverly Hills; The Ralph D'Oench Company, St. Louis; Continental Illinois National Bank & Trust Company, Chicago; Empire City Savings Bank, New York.

The Firestone Bank, Akron, Ohio; Rutland Trust Company, Rutland, Vt.; The Real Estate Mann, Inc., St. Petersburg, Fla.; Statewide Mortgage Company, Atlanta, Ga.; Farmers and Mechanics Savings Bank, Middletown, Conn.

Union Square Savings Bank, New York; The Hillside National Bank, Hillside, N. J.; East River Savings Bank, New York; Dargan, Whittington & Conner, Inc., Atlanta, Ga.; Policyholder's National Life Insurance Co., Sioux Falls, So. Dak.

The Morris Agency, Collinsville, Ill.; E. N. Crowder & Company, Tampa, Fla.; The International Trust Company, Denver; United Home Bank & Trust Co., Mason City, Ia.; The Central Bank & Trust Company, Denver.

Flushing Savings Bank, Flushing, N. Y.; United American Life Insurance Company, Denver; The Franklin Savings Bank in the City of New York; Mortgages, Inc., Indianapolis.

## Suggests Loans on Future Low Cost Homes Have Regular Maintenance Fund Payments

In the financing of future mass-produced, low-cost homes, a maintenance fund should be provided by the mortgagor and collected by the mortgagee along with the regular monthly principal and interest payments, Fritz Burns told members of the Southern California MBA at their last meeting before the annual summer recess. Mr. Burns, who is one of the leading builders of the country and is associated with Henry Kaiser in his vast program of low-cost housing, said that exterior maintenance is a community problem and should be dealt with as such in the interest of protecting the stability of real estate values.

The Southern California MBA has experienced an active year and at its recent meeting had an attendance of 57. Total membership is 37. Thomas E. Gibbon is president, Willis M. Holtum vice president, and T. S. Burnett secretary-treasurer.

The meeting was also featured by a panel discussion of construction costs which is, as Mr. Burnett says, "the \$64 question out here".

Glen A. Gerken, Los Angeles builder, told of recently duplicating several houses which he had constructed prior to the war and was able to show members in a tangible way a comparison of costs and what increases have been experienced.

George Riddle, chief architectural supervisor of the Los Angeles FHA office, told of the changing trends in the construction of homes that have been evidenced since 1941. He told of the mass-produced war housing by large operative builders and said that

Harry J. Stevens, Inc., Newark, N. J.; Metropolitan Trust Company, Chicago; City National Bank and Trust Company, Chicago; Wm. H. Fulper, Inc., Trenton, N. J.; Anchor Securities Company, Inc., Passaic, N. J.

Kansas City Life Insurance Co., Kansas City, Mo.; The National Bronx Bank of New York, New York.

### ASSOCIATE MEMBERS

Seldin-Mittelman and Berkeley, Inc., White Plains, N. Y.; and Dayton F. Glenn, Kansas City, Mo.

prior to 1940 there were about 2,500 builders dealing through the Los Angeles FHA office who did not average 10 houses a year. He said that this change was reflected in higher costs on individually-built houses as the contractor's cost of overhead is normally less per job with the large operative builder and the saving passed along to the contractor and builder. Riddle said he did not believe the cost of labor would increase materially and forecast that there would not be much change in postwar housing in Southern California. He believes that much of the recent propaganda about postwar housing has to do with communities which are considerably less advanced in housing than is the Southern California area.

Mr. Burns, on the other hand, said he believed the postwar house will show as much improvement as will be noted in automobiles. Burns declared there is a broad market for mass-produced housing and predicted a continuing drive for it. He said that standardization of the housing chassis and the influence of fundamental variables should not detract from public acceptance. He thinks the mass-produced postwar housing will not be "fancy" but will be of economic design and of adequate character and probably include a certain amount of equipment and fundamental furniture.

### MINNEAPOLIS CONSIDERS ADVERTISING CAMPAIGN

Because of the great amount of publicity about G. I. loans, private individuals sometimes get the idea that they are eligible for these government loans. The Minneapolis MBA is considering a joint advertising campaign to emphasize the merits of private lending and point out just what a G. I. loan is, who can get one and what the requirements are. It is believed that a creditable effort could be carried out with a contribution of \$100 from each member. President Fred L. Chapman is now contacting members to get their reaction.

This Chapter now has 42 members  
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## MORTGAGE BANKERS ASSOCIATION OF AMERICA

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—a 50 per cent increase over last year—and is more active this year under Mr. Chapman's direction than it has been for a long time. At the last meeting in mid-July, the program was "Past Presidents Night" in honor of those who have headed the Chapter in previous years. They are:

1944, Ted Burton; 1943, Robert White; 1942, Arthur Campbell; 1941, G. Kendall Smith; 1940, Frank J. Mulcahy; 1939, Benjamin Walling; 1938, Hadwin Barney; 1937, Charles Wilkinson; 1936, Paul Brown; 1935, Paul E. von Kuster; 1934, M. H. Manuel; 1933, Walter G. Wallace; 1932, Norman Newhall; 1931, George Carleton; and 1930, Murray Waters.

The Chapter has set August 13 for their annual golf tournament.

### UTAH MBA HEARS WHY SALT LAKE CITY WILL GROW MORE

Members of the Utah MBA, at their recent meeting, heard Fisher Harris, chief counsel for the Metropolitan Water District of Salt Lake City, tell how a perplexing problem of the western country is being solved as far as Salt Lake City is concerned. Salt Lake City has had to contend with water shortages since 1860. The city water department now supplies the needs of 208,000 people, but now with the participation of the city in the Deer Creek Water Storage Project and the construction of an aqueduct to carry the water 40 miles to Salt Lake City, the needs of 350,000 people can be met.

As Mr. A. M. McDonald, secretary of the chapter, pointed out, this development is highly significant for the mortgage men of Salt Lake City because it means the solution to a problem which, in the past, has almost set a ceiling on the growth of the city. In addition, it

will mean that more land for farming and building sites can be opened up.

### RECOMMEND A REASONABLE NUMBER FIRM COMMITMENTS

In the opinion of MBA's FHA Committee, "the building industry would be helped by a reasonable number of firm commitments to operative builders approved by FHA of 80 per cent up to \$10,000 of FHA value, wherever and whenever such action is necessary to the development of the building industry in the opinion of FHA."

But it is the Committee's opinion that the proposed \$3,600 firm commitment to builders would be of little value.

The report was submitted to the board of governors who have voted approval. An amendment to the report was made to the effect that "all commitments of any kind issued by FHA should pass through approved mortgagees". The committee is headed by Guy T. O. Hollvday, chairman.

The Committee also believes a national advertising campaign by FHA would be decidedly beneficial to homeowners and to the home building industry.

"The FHA proposes to give every reasonable assurance to a developer of

their participation in a continuing program where it is necessary to tie up large tracts of land provided, however, that the market is absorbing the houses under construction and ready for sale."

"The Committee is looking forward to the receipt of revised FHA 207 regulations which we understand will incorporate some of the benefits derived from experience with 608 financing during the War. Three of the major changes that are proposed in the regulations are: *first*, the extension of insurance to elevator-type apartments; *second*, dividends will be cumulative for fiscal or calendar years; and *third*, an increase from \$200,000 to \$300,000 for mortgages without restriction imposed by FHA's preferred stockholdings.

"FHA is now considering the modification of their mortgage instruments to provide for a forbearance as to principal payments by the mortgagee in those cases where a mortgagor has for the preceding three years made his monthly payments promptly."

FHA's operations in insuring mortgages on existing houses was the largest in volume in five years during the 12-month period ending June 30. During the fiscal year 1944-45, FHA received 75,650 applications for insurance.

### VA HAS MADE ABOUT 10,000 LOANS; AVERAGE IS \$1,623

In case you missed them a few days ago when they were released, these statistics will bring you up to date on the progress of the G. I. lending program. Almost 10,000 loans have been made but only about 5 per cent have been for the purchase of a business.

The government has guaranteed total commitments of \$15,970,103 for loans to veterans. The actual loans probably have aggregated approximately \$30,000,000. (See statistics below).

### Record of G. I. Loans

(As of July 9)

	Home	Farm	Business	Total
Applications .....	11,504	389	681	12,574
Loans guaranteed .....	9,084	220	535	9,839
Rejections .....	1,462	79	43	1,584
Cases pending .....	1,958	90	103	1,151
Guarantee commitments ...	\$15,007,507	\$349,508	\$613,088	\$15,970,103
Average guarantee .....	\$1,652	\$1,588	\$1,145	\$1,623

## PEOPLE AND EVENTS

We'll lay a dollar to a doughnut that there were very few MBA farm members who knew that **Henry Morgenthau's** first federal appointment was as governor of the **Farm Credit Administration**... we had forgotten it too until it was recalled at the time of his resignation as secretary of the treasury... he only held the FCA office a few months....

At the **Chicago MBA** annual summer outing, the Correspondents baseball team gave the Bankers a 44 to 22 licking... **Larry Goelzer** of Midwestern Mortgage Co. captained the winning nine...

**Sidney H. Tinley, Jr.**, secretary of the **Baltimore MBA**, tells us that at the recent chapter meeting, members heard **Joseph Hisley** and **Lee Lowman** of the group's **FHA** committee tell of recent discussions they had had with **FHA**.... they were requested to ask for greater cooperation with the agency on builders' problems. **Sheridan McClees** reported on **MBA's NYU Conference** and general satisfaction was expressed at the nomination of **Guy T. O. Hollyday** for **MBA** vice-president for next year... the Baltimore members think **MBA** couldn't have gotten a better man...

**Detroit MBA** members at their July meeting heard **Val Clare**, commentator and news analyst with **Station CKLW**, speak on "Topics of the Day"... **Detroit's** newest member is from **Pontiac**—**John Niggeman** of the **Commonwealth National Bank** there...

With deep regret we recently learned of the death of **Russel L. Tracy**, chairman of the board of the **Tracy-Collins Trust Company** of **Salt Lake City**. **James W. Collins**, former president of **MBA**, is president of this pioneer western institution... **H. J. Mendon**, vice president of the **California Bank** in **Los Angeles**, has been named a member of the executive committee of the **California Bankers Association**...

**E. F. Cramer**, formerly manager of the mortgage loan department of the **First Galesburg National Bank & Trust Company**, **Galesburg, Ill.**, and an active member of the **Illinois MBA**, has

become president of the **First National Bank** in **Galva, Ill.**...

**Frank J. Mills**, cashier of the **Fort Wayne National Bank** and chairman of **MBA's** finance committee, has been appointed by **Eric A. Johnston**, president of the **U. S. Chamber of Commerce**, as a member of that group's finance committee whose chairman is **Robert M. Hanes** and includes some of the leading financiers and bankers of the country...

**Harry C. Peiker** has resigned as associate superintendent of mortgage loans of **Massachusetts Mutual Life Insurance Company** to become associated with **T. B. O'Toole, Inc.**, **Wilmington, Del.**, as vice president and general manager.



**Mr. Peiker** is serving on **MBA's** educational committee this year and was a member of the board of governors from 1930 to 1938. He has also served as chairman of our insurance company advisory committee. **T. B. O'Toole, Inc.**, are **MBA** members and **Mr. O'Toole** has been very active in Association affairs in recent years particularly in **Washington** where he has been of great assistance to our **Washington Contact** and **FHA** committees.

**Mr. Peiker** is a graduate of **Wooster College** in **Ohio** and the **Columbia Law School**. He served in the last war and was later with the **Federal Land Bank** of **Wichita** and still later vice president of the **Guarantee Joint Stock Land Bank**. From 1920 to 1932, he was with the **Exchange Trust Company** in **Tulsa** and in 1933 was called to **Washington** by the **HOLC**. In 1940 he went with **Massachusetts Mutual**.

Not long ago we reported the new **Southern California MBA** officers and started to name the committees but never got past the first one... here are the others...

**Legislative:** **Joseph A. Walton**, chairman, and **George A. Riemers**, **Ralph W. Jenkins**, **J. R. Jones** and **Frank Hoopes**.

**Membership:** **Carl F. Burrell**, chairman, and **Edwin A. Tomlin**, **R. Foster Lamm**, **Rush C. Hinsdale** and **John Rush Lane**. **Program:** **N. V. Allison**, chairman, and **George Elkins**, **D. M. Leishman**, **Volney V. Brown** and **John Sinnett**.

**Insurance:** **H. F. Whittle**, chairman, and **C. A. Larson**, **Earl A. Lewis**, **F. Don Enfield**, and **John M. Nicholson**.

**Finance:** **Henry A. Dutcher**, chairman, and **Walker Smith**, **Havelock C. Boyle**, **Harold J. Mendon** and **Guy B. Mize**.

With sorrow we report the death of **Elmer M. Matthews**, secretary of the **Union Bank and Trust Company** of **Kokomo, Ind.**, **MBA** members. **Mr. Matthews** was manager of the Bank's mortgage loan and trust department.

"Adequate Procedure in Auditing Mortgages in Bank Portfolios" is the title of an article by **Richard L. Brower**, auditor of the **Bowery Savings Bank** of **New York** which we recently ran across... too long for presentation here or in *The Mortgage Banker*, we're wondering if you would like a mimeographed copy... we'll send it if you do...

**Cincinnati MBA** held its annual summer outing and picnic at **Elsmere, Ky.**,... **E. R. Stevenson** was chairman of the committee on arrangements which included **Harry E. Niemeyer** and **C. P. Kennedy**... the **Natural Resources Department** of the **U. S. Chamber** has published the testimony of **MBA Past President Frederick P. Champ** in pamphlet under the title of "An Appraisal of Emerging Public Domain Issues"... members interested in this vital subject should write us for copies...

**Roy F. Taylor**, **MBA** regional vice president and vice president of the **Seattle Trust and Savings Bank**, was named as the lecturer on home financing at the **Tacoma Home Planning Institute**, a group of nearly 800 prospective postwar home builders.

**Howard S. Bissell** has been named as **Cleveland's** representative on the **National Industry Advisory Committee** on **Rent Control**...



